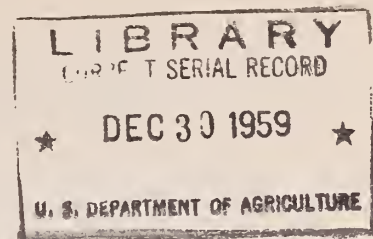


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FAMILY ECONOMICS REVIEW

Institute of Home Economics, Agricultural Research Service
UNITED STATES DEPARTMENT OF AGRICULTURE

Prepared for home demonstration agents and home economics specialists of the Agricultural Extension Service, this publication reports current developments in family and food economics, and economic aspects of home management.

ANNUAL OUTLOOK ISSUE

CONTENTS

	<u>Page</u>
NATIONAL ECONOMIC SITUATION AND OUTLOOK FOR 1960.....	3
THE AGRICULTURAL OUTLOOK.....	7
OUTLOOK FOR FOOD.....	12
OUTLOOK FOR HOUSING AND EQUIPMENT.....	14
CHANGING AMERICAN LIVING PATTERNS AND VALUES.....	18
CONSUMER PRICES.....	24
ESTIMATED COST OF ONE WEEK'S FOOD.....	26

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NATIONAL ECONOMIC SITUATION AND OUTLOOK FOR 1960

Nathan M. Koffsky
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The outlook for 1960 is for higher rates of economic activity and employment than those established just before the steel strike. Total consumer incomes, which in mid-1959 were 7 percent larger than a year earlier, may increase another 4 or 5 percent by mid-1960. Even with continued substantial growth in population and the prospects that consumer prices will average slightly higher next year than this year, we expect per capita purchasing power of the average consumer to increase further in 1960. As of midyear 1959, per capita purchasing power averaged 5 percent above a year earlier, and more than 20 percent above the level of 10 years ago.

From July on, the steel strike and its attendant effects brought some reductions in industrial production and employment, and in the flow of income in the economy. The overall declines were relatively small and most economic indicators remained well above the levels of 1958. The strike had little impact on consumer markets, particularly the demand for food.

Confidence generally remains high that the upward trend in the economy, which got underway in the spring of 1958, will be resumed now that steel operations are rising. The outlook for 1960--particularly the first half of the year--has been strengthened further by backlogs of demand built up during the strike period.

Changes in the past year

Growth in the economy was fairly rapid to the middle of this year. Gross national product in constant prices rose 10 percent between the second quarter of 1958 and the second quarter of 1959, when it was 5 percent higher than the peak rate attained before the recession in the fall of 1957. Reflecting the slowdown caused by the steel strike, real gross national product in the third quarter of 1959 declined between 1.5 and 2 percent from the second quarter. Employment had risen to a new high in mid-1959. Despite a substantial increase in the labor force, unemployment was less than 4 million persons, compared with over 5 million in mid-1958. Employment, however, rose much less than economic activity, reflecting a longer work week and a substantial improvement in productivity per man hour. More recently, employment in some durable goods industries has declined as supplies of steel were reduced. Nevertheless, in September 1959 unemployment was 900,000 less than in September 1958.

The general price situation has been fairly stable over the past year. The Bureau of Labor Statistics index of consumer prices and the Agricultural Marketing Service index of prices paid by farmers for family living items showed increases of about 1 percent over September 1958. Lower retail prices

of foods partly offset price increases elsewhere. The persistent rise in charges for services such as medical and personal care continued.

Between the second quarter of 1958 and the second quarter of 1959 the flow of expenditures in the economy increased \$50 billion. Consumer expenditures rose 7 percent. Private investment outlays, where much of the 1957-58 recession was concentrated, rose almost 50 percent, accounting for almost half of the total increase in expenditures in the economy. Government purchases of goods and services--Federal, State, and local--increased some 7 percent.

In the most recent quarter, the decline associated with the steel dispute has been largely reflected in the private investment sector. Government outlays and consumer expenditures have continued to rise.

Personal consumption expenditures
(Seasonally adjusted annual rates)

Item	2nd quarter 1958	2nd quarter 1959	3rd quarter 1959	Change	
				2nd 1958 to 2nd 1959	2nd 1959 to 3rd 1959
	Billions of dollars				
Personal consumption expenditures	<u>290.9</u>	<u>311.2</u>	<u>313.3</u>	<u>+20.3</u>	<u>+ 2.1</u>
Durable goods.....	36.7	44.1	43.6	+ 7.4	- 0.5
Nondurable goods.....	141.5	147.7	148.0	+ 6.2	+ 0.3
Services.....	112.7	119.4	121.6	+ 6.7	+ 2.2
Consumer disposable income.....	312.9	335.3	335.1	+22.4	- 0.2
Savings.....	22.0	24.1	21.9	+ 2.1	- 2.2
Personal savings rate.....	7.0%	7.2%	6.5%	+ 0.2%	- 0.7%

Source: U. S. Department of Commerce

The consumer sector shows broad strength, particularly for durable goods for which second quarter expenditures rose 20 percent between 1958 and 1959. Sales of appliances and furniture were up, reflecting a higher rate of new housing completions. Sales of new automobiles have risen to a rate of over 6 million cars this year (including some 600,000 foreign cars). This compares with about 4.5 million in 1958, but is still less than in 1955 when over 7 million cars were purchased. Consumer spending for services has about kept pace with the rise in consumer income. Expenditures for nondurables, especially food, have not risen as fast. This reflects the lower level of food prices this year.

The increase in total consumer expenditures by the second quarter of this year was about in line with the rise in consumer incomes (after taxes). The rise in consumer takings has also involved a sharp expansion in consumer credit outstanding, not only for the purchase of automobiles but for other purposes as well. Even so, with higher incomes the ratio of repayments on installment credit to income has not changed materially for some years. While the ratio of total consumer credit outstanding to income is somewhat higher than a year ago, it still is not as high as 2 years ago.

In the most recent quarter, consumer expenditures--most notably for services--have continued to increase, although consumer incomes showed little change. Accordingly, there was some reduction in the rate of personal savings out of current income.

Most of the increase in private investment outlays up to mid-1959 and the subsequent decline stem from sharp shifts in the business inventory situation. In the second quarter of 1958, inventories were being reduced at a rate of almost \$6 billion a year. By the second quarter of 1959, inventories were being accumulated at a rate of over \$10 billion a year, partly due to the prospects for a steel strike. With business sales up appreciably in 1959, stock-sales ratios, particularly in durable goods industries, at the end of June were substantially below a year earlier. There was a substantial gain also in outlays for residential construction between the second quarter of 1958 and the second quarter this year, involving large Federal purchases of mortgages and more liberal credit terms for Federal Housing Administration and Veterans Administration loans. The rate of new housing starts rose from an annual rate of about 1.0 million units to almost 1.4 million. More recently housing starts have eased off, though the September rate was still above a year earlier.

Business capital outlays for new equipment, which had declined sharply in 1957-58, rose 15 percent by mid-1959 and a further gain was noted in the third quarter. However, such outlays are still substantially below the level reached 2 years ago. Business construction has not changed much in total.

In the government sector, Federal purchases of goods and services at mid-year were somewhat larger than in mid-1958, primarily due to higher outlays for National defense. Transfer payments--such as unemployment compensation--are running under a year ago as a result of improved employment. State and local government payrolls continue to move up as employment and wage rates increase.

Prospects for 1960

We turn now to the outlook for the period ahead, specifically for the next 12-15 months. Budget expenditures of the Federal Government in the current fiscal year, according to the September Budget Review, are scheduled to be below the fiscal year which ended June 30, 1959. Federal receipts have risen sharply, reflecting increased tax receipts generated by economic recovery. A small budget surplus was projected for the current fiscal year, in contrast to a substantial deficit incurred in 1958-59. State and local government expenditures are expected to continue to rise. The large increase of the past year

may not be matched, partly because of high interest rates and some slackening in highway and school construction programs. Thus, total government expenditures in the year ahead are likely to rise much less than in the past year.

We should not expect as large an increase in private investment expenditures as in the past year, when there was a radical shift in the inventory situation and a rapid increase in residential construction. With steel operations resumed, a substantial rate of inventory accumulation is likely for many months, to rebuild stocks of steel and bring stocks in line with the level of sales. The expansion of inventory build-up will likely be felt more in the first half of 1960 than in the second half.

It seems likely that business capital outlays for new plant and equipment will continue to increase in 1960. Corporate profits have been reestablished at a high level and rising sales have generated business optimism. Further, we should keep in mind the investment-generating effects of heavy expenditures for research and development by business. The tight steel supply, may, however, cause some postponements. The prospects are not bright for farm capital outlays, inasmuch as farm income has moved lower. Residential construction, which is fairly sensitive to high interest rates and a tightening in the availability of mortgage financing, will likely continue to ease off in 1960. Construction costs have also increased.

Our transactions with foreign countries over the next year should provide a plus factor for the economy. Foreign holdings of gold and dollar reserves have improved sharply, some trade restrictions have been eased, and economic growth abroad has been resumed. Although U. S. imports are likely to continue to rise, exports may increase more than imports in the year ahead.

The consumer is likely to increase his expenditures. Higher outlays by business and government will reinforce rising consumer demands. Although the economy may not grow as fast in the next 12 months as in the past period, the rate of growth will likely exceed the long-term rate of 3 percent or so a year. Employment should increase faster than additions to the labor force and unemployment may be reduced further. Wage rates continue to move up. Next year higher consumer incomes are likely to translate into higher purchasing power again for the average consumer. The average price rise is likely to be small, since somewhat lower food prices will tend to offset increases elsewhere. Public reception of new car models has been generally good so far, and we may expect a further increase in sales of automobile and durable goods next year. This will likely involve some increase in consumer credit outstanding. Expenditures for services should rise about in line with the gain in income. Expenditures for nondurables, including food, may not rise as much as income in 1960. But a favorable aspect for the longer run is that the heavy-eating teenage group will be increasing faster in the next 5 years than any other age group.

According to the National Bureau of Economic Research, the expansion phases of the postwar business cycles have run 3 years or more. If the current expansion phase should conform, the next critical period would not be until the spring of 1961. In view of the interruption to economic growth occasioned by the steel strike, it might well be put off further.

THE AGRICULTURAL OUTLOOK FOR 1960

Frederick V. Waugh and Bushrod W. Allin, Agricultural Marketing Service
Faith Clark and Carl P. Heisig, Agricultural Research Service
Gustave Burmeister, Foreign Agricultural Service

Last fall, we foresaw a slight drop in agricultural prices in 1959, a small increase in prices paid by farmers, and a drop of from 5 to 10 percent in net realized farm income. We forecast further increases in land values and in farm assets. And we said that consumers would benefit from ample food supplies and from somewhat lower retail food prices.

These forecasts were substantially correct. But in the first 9 months of 1959, realized net farm income has averaged 15 percent below a year earlier.

Looking ahead to 1960, we now expect a further slight drop in average prices received by farmers, a further slight rise in costs of farm production and marketing, and a further drop in realized net farm income--not so big a drop as occurred this year--perhaps about half as big. We expect ample food supplies and a slight further drop in retail food prices.

Supply

Much of the time since World War II supplies have been so burdensome that prices have not responded to favorable developments in demand. Thus, the general trend of agricultural prices has been downward, while there have been upward trends in nonagricultural prices, consumer incomes, business investments, and in other factors that reflect a healthy, growing demand. Farm output has risen faster than the market for farm products, resulting in lower prices to the farmer, larger Government stocks of farm products and greater cost to the taxpayer--but lower retail food prices to consumers.

The total output of farm products in 1959 is now expected to set another record, slightly above the enormous output of 1958. Crop production apparently about equals that of last year. Somewhat reduced yields are offset by the use of some land that had been idle under the 1958 acreage-reserve program. Wheat production this year is far below that of 1958, but cotton and corn production are much larger. The output of livestock products is running ahead of last year. The main increases are in hogs, broilers, and eggs. Cattle inventories increased, but slaughter went down slightly.

Expansion of both domestic and foreign outlets for cotton may absorb this year's increased output. Some increase in the wheat carryover seems likely, and a substantial increase in the carryover of feed grains is practically certain. Most of these carryovers are held by the Commodity Credit Corporation. As of August 31, CCC had \$8.8 billion invested in price-supported commodities.

Our main problem is to keep supply and demand in balance in a way that will provide an adequate income to efficient commercial farmers. For the next few years, at least, supplies of most farm products are likely to be ample.

Demand

Domestic demand was especially good in 1959, as consumer incomes rose to new highs, employment increased, and business conditions generally picked up. It should be even stronger in 1960.

In addition to the ordinary market demand, Government programs provide domestic outlets for a considerable amount of foods. Our school lunch programs are now reaching 12 million children, our school milk programs 22 million (including some of the 12 million getting school lunches). Surplus foods in the past year went to almost 7 million needy persons in institutions and families. The main foods distributed through domestic food programs in the past year were milk and other dairy products, corn meal, wheat flour, rice, and dried eggs.

Agricultural exports in the fiscal year 1959-60 are expected to reach \$4 billion, the third highest in history. Economic activity continues high in the principal importing areas of the world, especially in Western Europe. The dollar shortage has eased. Trade barriers are being reduced gradually. Exports of our surplus farm products are being promoted through Government programs. Most of the expected increase of \$300 million of agricultural exports this year is due to anticipated higher exports of cotton.

Production and marketing costs

While prices of farm products have trended downward in recent years, most other prices have continued to creep upward. The squeeze between lower prices to the farmer and higher costs of production and marketing has been an important factor in the decline of realized net farm income.

Because of the substantial reduction in numbers of farms and farm people, the decrease in per farm and per capita income has been much less than the drop in aggregate farm income. Also, increased income from nonfarm sources has been an offset to lower income from farming. During 1959 the per capita and per farm incomes of farm people from all sources declined from the high levels of 1958, while income of nonfarm people increased.

There are indications that the rise in farm costs may be tapering off. The index of prices paid by farmers will average 2 percent higher in 1959 than in 1958. But the September 1959 index was only 1 percent above that of September 1958, and slightly below the level of last spring.

Total expenses of farm production (price times quantity bought), however, will probably rise still further in 1960. So far in 1959, production expenses have been 3 percent more than in 1958.

Costs of marketing have continued to inch upward. The marketing margin for the farm food market basket in the third quarter of 1959 was slightly higher than a year earlier. The farmer's share of the consumer's food dollar in 1959 will average about 38 cents, compared to 40 cents in 1958.

Government programs

Government programs in 1960 will be about the same as in 1959.

Available funds will permit an expansion of about 5 million acres in the Conservation Reserve next year.

Public Law 480 providing about the same assistance to farm exports as at present has been extended for a 2-year period to December 31, 1961.

No major changes in price-support levels will occur during the coming year. The minimum support price for wheat in 1960 has already been announced at \$1.77 a bushel, compared to \$1.81 in 1959. The average support price for the 1959 crop of corn is \$1.12 per bushel and that for the 1960 crop will not be much lower. The 1960 cotton program will be similar to that of 1959, except for some differences in support levels. The incentive price for wool at 62 cents per pound and support price of 70 cents per pound for mohair announced for the 1960 marketing year are the same as those for the past several years.

Farmers' prices and income

So far this year, agricultural prices have averaged about 3 percent below those of a year earlier. The biggest declines have been in prices of hogs, broilers, and eggs. Comparing the first 9 months of 1959 with the same months in 1958, hog prices were down 27 percent, broilers down 16 percent, and eggs down 19 percent. While hog prices may not drop further, they probably will continue to be low throughout the coming winter and spring, at least. Cattle prices may decline moderately with larger marketings next year. There is likelihood of a small decline in the index of prices received. Since we expect a slight increase in prices paid, the prospect is that the parity ratio will decline a little more. In October it stood at 79.

In the first 9 months of 1959, realized net farm income has averaged 15 percent below a year earlier. The drop was due to (1) lower receipts from farm marketings, (2) higher production costs, and (3) a substantial drop in Soil Bank payments, resulting from the elimination of the acreage reserve program.

Next year we expect some drop in cash receipts from cattle and hogs (due to lower average prices), and from wheat (due to this year's smaller crop). Cash receipts from most other crops may be about the same. Those from milk and eggs may be a little higher than this year. We expect a further small increase in total production expenses.

The outlook is for some further declines, both in agricultural prices and in farm incomes. Present indications are that the drop in average prices of farm products may be about the same as during the past year, and that realized net income may decline about half as much as this year.

Farm assets

Farmland values, farm assets, and rural levels of living have continued to rise, in spite of declines in agricultural prices and farm income. Trends in 1959 suggest that these increases may be tapering off.

The sharp rise in land prices of the past 5 years, which added nearly a third to market values, may be approaching an end. The drop in farm income in the last half of 1959, and the prospect for further decline in 1960, will remove some of the stimulus to the farmland market. The longer-range outlook is also clouded by building-up of crop inventories, and by uncertainties as to changes in farm legislation. Current interest rates and strong competition for the available supply of mortgage credit may also postpone some purchases of land, particularly if these conditions are viewed as temporary.

Partly offsetting these price-depressing factors are the continuing pressures for enlargement of farms and the demand of farm operators for the limited number of tracts of land that come on the market. The prospects of gains in the general economy, continuing inflationary pressures, and the conversion of farmland for nonfarm uses are likely to continue to support land prices in some areas.

Consumers

Abundant food supplies which have been a boon to consumers in recent years, will continue in 1960. Although food prices were record high in 1958 and near record in 1959, food expenditures have remained low relative to consumer income.

Several recent developments indicate that prices of consumer goods and services, other than food, will continue to advance. The increase in the Federal gasoline tax, already effective, will increase transportation costs. If the settlement of the steel strike results in higher prices for steel, prices for household equipment which use steel will also likely increase. There is nothing to indicate that the long uptrend in charges for rent, medical care, and other consumer services will be halted during the coming year.

Since only a small decline in retail food prices is anticipated during the coming year, and indications are that prices for other important goods and services will increase, it appears that overall family living expenditures will be a little higher next year than this.

Farm family living

The long-term trends in the levels of living of farm people have been upward, although at lower levels than those attained by nonfarm people.

Infant mortality, one indicator of family health status, dropped about one-fourth in rural areas from 1948 to 1956. The drop in infant deaths was accompanied by a rise in the proportion of babies born in hospitals. In 1956, almost as large a proportion of babies born to rural mothers as to city mothers arrived in hospitals.

Rural States still lag behind urban States in availability of physicians to care for their people. The physician-population ratio is about half as great in the most-rural as in the most-urban States, Voluntary health plans are growing, and further growth is likely in the next few years.

A larger proportion of high school and college-age boys and girls from farms are in school than ever before. The proportion of farm residents who are high school graduates is increasing rapidly. Farm people haven't caught up with city people in education yet, but they are making good progress.

Between 1950 and 1956 the most-rural group of States increased their spending for public schools slightly more, proportionately, than the most-urban States. The most-rural group increased the per pupil amount for current expenses of primary and secondary schools by about one-fourth; the most-urban States increased it by one-fifth. In 1956, the most-rural group of States was still spending only about half as much per pupil for current expenses of primary and secondary schools as the most-urban group.

The estimated value of home furnishings per farm household in 1959 is expected to be about 60 percent greater than in 1950 in dollars of constant purchasing power. The increase in value of farm home furnishings reflects, in part, the larger number of electrical appliances farm families have. Practically all farmers can use appliances now, because most farms are supplied with central station electricity. According to the Bureau of the Census, 73 percent of all farm homes now have one or more television sets compared with 3 percent in 1950.

Because nearly all farms now have electricity, there is only a small margin for further growth here. Few homes that are electrified are without the major electrical appliances commonly associated with our American standard of living. There is reason to believe that acquisitions of TV's, freezers, and the smaller items will continue, but at a slower rate due to lower incomes.

In 1958, according to estimates of the Agricultural Marketing Service, 60 percent of all farm homes had telephones compared with 38 percent in 1950, the year the REA telephone program was started. In 1960 and years immediately following there will be a further increase in the number of farm homes with telephones. There will also be an improvement in service--such as modern dial service, fewer homes on a party line, and single rings for each home; in fact, all of the characteristics of urban telephone systems.

OUTLOOK FOR FOOD IN 1960

Harry Sherr
Agricultural Marketing Service

The overall food situation in prospect for next year is similar to that for 1959. Supplies are expected to continue very large, and adequate to maintain civilian consumption of food in 1960 at about this year's per capita rate. The rate in 1959 is estimated to be slightly higher than last year, and 3 percent above the average for the immediate postwar period (1947-49). Consumer income probably will be record large next year. This will likely be reflected in the continuation of a strong demand for food.

Retail food prices are expected to average a little lower in 1960 than this year. This will be mainly for the same reason as in 1959--lower prices to farmers for several important food commodities, such as meat animals, which will be in heavier supply. Food processing and marketing costs may be up a little, partly offsetting the expected reduction in farm prices. In the present year, the Bureau of Labor Statistics Consumer Price Index through September averaged a little higher than in the same part of 1958, with the decline in retail food prices almost offsetting the increase for consumer nonfood goods and services.

The record high disposable personal income likely for next year points to some increase over 1959 in consumer expenditures for goods and services. For food this will reflect primarily the large population and increased purchases of more expensive foods and more services with food, rather than more food per person. On a per capita basis, food expenditures are expected to account for somewhat more than a fifth of disposable personal income. This is about the same proportion as estimated for 1959, and a little less than in 1958.

Food supplies are expected to continue large in the year ahead, close to those of the present year. Food stocks will likely be a little higher at the end of 1959 than at the beginning. With average weather, production of food crops will again be large in 1960. There probably will be more beef cattle and calves on farms and ranches this January 1 than last, but fewer dairy cows and heifers. The rate of culling of dairy animals will likely be less next year than in 1959, and milk output per cow at a record level. Marketings of hogs in 1960 will be a little larger than in 1959.

Civilian per capita consumption of meat is expected to be a little higher next year. The rate for the present year is estimated at 158.5 pounds. The increase will likely be mostly in beef. Pork consumption may be up moderately from 1959 in the first half of 1960, with the increase about offset by the reduction in prospect for the second half. For beef, the prospective increase over 1959 may tend to be concentrated in the last half of the year. The increase would be in medium and lower grades of beef. Supplies of the better grades of beef will continue about as plentiful as in 1959. Per capita consumption of veal, lamb and mutton in 1960 may be up somewhat. Average retail meat prices are expected to be down some from 1959.

A little more milk and dairy products (in terms of total milk solids) will be available in 1960 than this year. With the civilian population a little larger, per capita consumption of milk and dairy products (on a total milk solids basis) may be at the present year's rate. Civilians probably will use about as much fluid whole milk and ice cream per person as this year, and slightly more fluid skim milk products and cream mixtures. Declines are expected for butter and evaporated milk. Per capita consumption of evaporated milk has been on the downtrend in the postwar period. This is due to several factors, including a change in infant feeding practices and the increase during the past decade in civilian use of nonfat dry milk, fluid whole milk, and "half and half." Retail prices of milk and dairy products are expected to average at least as high next year as in 1959.

Prospects are that there will be about as much poultry, meat (both chicken and turkey), and eggs available next year as this. The postwar uptrend in production of commercial broilers and turkeys may be restrained in 1960 by low prices relative to production costs. Prices will likely be held down by competition from red meats and by the fact that broiler production can be increased very rapidly if prices rise. Fewer farm chickens will be marketed next year for consumption because of reduced culling of the egg-laying flock. Broilers provide 80 percent of the total chicken meat supply. Egg production may be no greater than in 1959, at least until mid-1960.

Civilian consumption of chicken meat in 1960 is expected to be only a little below this year's peak of 29.8 pounds. Consumption of turkey meat may be the same as this year's record of 6 pounds. Per capita consumption of eggs may be a little lower than in 1959, continuing the decline of recent years. Retail prices of eggs and chickens are expected to average somewhat higher than this year, those of turkeys about the same.

Record supplies of food fats and oils will be available in the year ahead, according to present prospects. The increase will reflect heavier output of lard and vegetable oils. U. S. civilian consumption of food fats and oils may total a little higher (in terms of oil equivalent) than in 1959, though on a per capita basis it will be about the same. Retail prices of the fats and oils food products will likely average lower than this year.

The supply of grains will be abundant in 1960. Civilian per capita consumption of cereal food products probably will be about the same. Retail prices of these foods are expected to average a little higher next year because of slightly higher processing and marketing costs.

Moderately more processed fruits and about as much processed vegetables will be available during the current marketing season. Supplies of dried fruit will be close to the average of recent years, and much larger than last year's low level. Among the major fresh fruits, the main changes are reflected in larger supplies of oranges and smaller supplies of apples and tangerines. Supplies of grapefruit are about as large as a year ago. Production indications for winter-season fresh vegetables are not yet available. However, with demand likely to continue strong, farmers will be encouraged to plant about as large an acreage to these crops as they did a year ago, if

weather at planting time permits. Weather also will be a dominant factor influencing the volume of output. Supplies of domestically produced fresh vegetables this winter will be supplemented, as usual, by imports.

Potato supplies through winter 1960 will be noticeably smaller than a year earlier. Supplies are adequate enough, however, for civilians to consume potatoes at the same per capita rate as in winter 1959. Potato prices this winter are expected to average well above the very low prices of early 1959.

Dry field peas and the white varieties of dry edible beans are in much heavier supply and lower priced this season than last. Crops were noticeably larger this year than last.

OUTLOOK FOR HOUSING AND EQUIPMENT IN 1960

Ethel Hoover
U. S. Department of Labor

Housing

Cost of homeownership and rents.--The trend in costs of both rental and owner-occupied dwellings has been upward for some years. The Consumer Price Index (CPI), which measures price changes for the same qualities from period to period, shows that during the 2-year period from December 1956 to December 1958, rents increased 3.4 percent--1.9 percent the first year and 1.5 percent the second. During 1959, there has been a very slight brake on the upward movement, and the rise from December 1958 to December 1959 will probably be less than 1.5 percent.

The expectation for 1960 is that rents will continue to increase moderately, as costs to landlords go up. Rent levels are influenced by property taxes and repair and maintenance costs, particularly when rental vacancies are as scarce as at present.

About three-fifths of all dwellings are now occupied by homeowners. Homeowners in any urban group tend to spend more than renters, because they usually invest in better housing. But if equivalent size and quality are compared, costs of rentals and owner-occupied quarters are about equal. 1/ The increases in homeowners' prices for the same quality, however, have been a bit larger in recent years than for renters. The CPI measures changes in homeowners' prices through purchase prices, maintenance and repair, mortgage interest rates, property taxes, and hazard insurance. Prices for this bundle of elements in homeowners costs rose 4.6 percent in 1957 and 1958, as compared with 3.4 percent

1/ Riley, H. E. "Federal Loan Insurance and Housing Needs." Monthly Labor Review, Vol. 82, No. 4, p. 407, April 1959.

for rents, and they have continued up in 1959. Property taxes have been increasing steadily as the cost for local services increases and as the needs for a growing population must be met. Government supported mortgage rates have advanced this year to 6-1/4 percent for a Federal Housing Administration loan (including the 0.5 percent insurance premium as paid by the borrower) and 5-1/4 percent for Veterans Administration--the highest rates ever allowed in these programs. It is expected that the mortgage interest rates will show some additional increase by December 1959.

The average debt per home has also risen--from \$3,700, 10 years ago, to \$6,650 in 1959. This increase was partially the result of a larger portion of the home value being covered by loan in recent years (an average of 47 percent now as compared with 37 percent 10 years ago for all owned homes, newly bought as well as those bought earlier 2/). There were also a number of other factors, with the most important being the large proportion that newly built homes were of all home purchases this year and the liberalization of mortgage terms. This liberalization took the form of lower down payments and longer periods for repayment.

The average monthly payments for all housing purchases, including houses just built and those previously occupied, have increased steadily each year since 1950, according to the records for FHA mortgaged homes. (These payments include amounts applied on principle, interest, taxes, and insurance.) The payments have been affected by increased purchase prices, ratio of the loan to the value of the dwelling, and longer time for repayment. However, while there has been an increase in prices for houses, the payments still represent about the same proportion of income as they did several years ago (19.2 percent in 1956 and 20.4 percent in 1958).

There are, of course, certain characteristics of new homes that have improved along with the rise in prices. The average size of new single family homes insured by FHA increased from 858 square feet in 1950 to more than 1,000 in 1958. During the coming year, it is probable that the size of homes will be about the same as this year. A greater amount of equipment is provided now than in earlier years.

All of the factors contributing to housing expense have been rising in cost in recent years, including materials, labor, and land. One of the most significant is the increase in land values, particularly in the metropolitan areas. The increase in land values is indicated by the 11.3 percent increase in 2 years--1957 and 1958--for purchases of existing FHA homes. Contrast this with the 3.3 percent increase in overall construction costs in the same 2 years, as shown by Boeckh's index. 3/

The 1960 prospect for prices points to some moderate increases. Building materials rises are expected to average in the neighborhood of 1 percent,

2/ "1959 Survey of Consumer Finances, Housing of Nonfarm Families." Federal Reserve Bulletin, p. 1105, September 1959

3/ Residential Construction Cost Index for 20 Cities, E. H. Boeckh and Associates.

higher property taxes will undoubtedly be put into effect in some localities, and other elements show little prospect of falling below 1959 levels. However, if builders cut average house size and some other quality factors, as happened to some extent in 1958 and 1959, the average cost for new homes may show little change from this year.

Housing supply.--Since 1949, there have been more than a million units added to the housing supply each year. For 1959, estimates indicate that there will be more than 1.3 million housing units started, compared with 1.2 million in 1956. The rate of starts has been dropping during the last few months, and is expected to continue to decline to the end of the year. This reflects the mounting financing difficulties that began earlier in the year.

The supply of money for mortgages and the availability of low downpayment financing have a significant effect on the rate of production and sale of new dwellings. The financial angle is one of the problems in the housing outlook at present. If interest rates continue upward in 1960, the number of dwelling units started could drop well below this year's rate of about 1.3 million, but will probably be above last year's total of 1.2 million units.

The sustained high building rate has not resulted in a large increase in vacancies. Vacant dwellings available for rent and sale are still in the neighborhood of 3 percent of all units (as computed by the Bureau of Census), indicating continued strength in demand for both rental and homeowner units. Other signs point to a very active housing market in the future, too. There has been an increase in the rate of household formation due in part to the high rate of employment and increases in income. More people--particularly single people and elderly people--can afford places of their own. The increase in these households has been counterbalancing to some extent the declining marriage rate in recent years. But the marriage rate is expected to turn upward in the near future, as new families are formed from the large number of children born during World War II. A further influence is the recent trend toward larger families, particularly in the moderate and higher income groups.

Types of housing.--There is a strong recent swing toward greater emphasis on the construction of multi-family structures containing rental units. In metropolitan areas last year, 26 percent of all units built were of this type as compared to 14 percent in 1956. There has also been an increase in the proportion of units built in the city as compared to suburbs. Last year, 36 percent of all residential construction in metropolitan areas was in the cities proper, as compared to 31 percent in 1956. 1960 will probably see some further rise in these proportions. The increase in importance of the apartment type housing was probably due to a whole complex of factors, such as urban renewal programs, the low rate of construction of such housing for a relatively long period, and the demand by single people, elderly people, and small households.

Some of the prospective changes in materials for residential construction are interesting. A marketing conference of 500 builders recently took a look ahead for the next 10 years, and heard predictions of the use of prefinished wall panels, mechanically engineered to provide for heating, air conditioning and lighting. They expect delivery of complete bathrooms to building sites,

ready-to-connect kitchens, and greater use of plastics and metals in home components. Two companies are planning to manufacture foamed plastic panels with skins of plywood, hardboard, aluminum, stainless steel and other materials. Greater use of aluminum as a building material may be evident next year. The country's largest prefab manufacturer has recently bought out a number of its competitors, and prefabs may continue to account for a significant portion of homes next year. The company's plans call for new models in aluminum, factory-finished in lucite acrylite paint. Pilot models of homes featuring porcelain enamel on steel are in the planning stage by a large steel company.

Household equipment

Most industry spokesmen give strong backing to the belief that the recovery from the last recession stimulated a rise in the purchase of household durables. Production and sales of furniture, appliances and other household durable goods increased more than expected from the low levels of March 1958. By June 1959, the Federal Reserve index of production of household durables had risen 35.6 percent. Production of furniture rose 32 percent, of major appliances almost the same amount, and of radio and television sets nearly 68 percent.

Optimism is clouded by uncertainty regarding the effects of the steel strike. Many producers of household goods had begun to feel the pinch of low supplies by late September, and to reduce production and furlough workers. As steel production is resumed, it will take from 4 to 12 weeks to attain "normal" levels of steel supply and inventories. Lower production of durables made of steel is fairly certain during the final quarter of 1959, and perhaps into early 1960. Many feel that the strike will be only a temporary damper, and that the upward trend will continue in 1960. The impact of the strike may be reflected in increased prices of durables if steel prices increase.

Prices.--Retail prices of housefurnishings (including textile housefurnishings) declined 3.6 percent between mid-1953 and June 1959, while the "all items" Consumer Price Index rose 8.7 percent. The decline in housefurnishings prices was caused primarily by lower prices for household appliances (except radio and TV) which dropped almost 20 percent. Prices of textile housefurnishings decreased 4.3 percent. These declines were partially offset by substantial increases in prices of floor coverings and housewares. In September 1959 retail prices of furniture and bedding were at about the same levels as in mid-1953.

The most significant factor in the steady decline in appliance prices was the effect of changes in retail merchandising. Discount houses made considerable inroads into the market, and competition for sales became severe. In 1955 some manufacturers reluctantly began to drop fair trade pricing, and other manufacturers followed suit during the next few years. Although price competition is still a part of the retail appliance picture, it has lost many of its "cutthroat" aspects. The result is that appliance prices have maintained relative stability during the past 2 years. Manufacturers and dealers have tended to concentrate increasingly on competing for the consumer dollar by means of new features and better service.

It appears that retail prices of housefurnishings have ended the declines that marked the first half of the decade. There is a strong possibility of a slightly upward trend amounting to perhaps as much as 2 to 2.5 percent next year. Although competition will tend to put a damper on price increases for most household equipment it appears unlikely that higher costs affecting the industry, especially at the producer level, will be fully absorbed.

The prospects for the passage of a Federal Fair Trade Act during the next session of Congress are regarded as ranging from "poor" to "good." The enactment of such legislation would put additional upward pressure on the retail prices of housefurnishings, particularly housewares and small electrical appliances which are currently being sold at prices far below manufacturer's list.

The amount of money consumers are willing to borrow to finance purchases also plays an important part in the outlook for sales of household durables. More consumers than ever before are using credit to buy furniture, appliances, television sets, and other durables. Higher interest rates may cause a slowing down of consumer borrowing, but it is doubtful that "tight" money, in itself, will have a depressing affect so long as consumer confidence remains at current high levels.

Product developments

From what has been done in the last few years, and from such information as we have, I expect that changes this next year will not be radical changes in present equipment or startlingly new products. They will most likely be alterations in the equipment now available, such as in the technical makeup (changes which often cannot be seen without taking the article apart), in style or design, in the use of newer materials in place of the old, and in the addition of special features.

I also expect to see a continuation of the trend in recent years to "upgrading" purchases--that is, shifting gradually up the quality scale so that yesterday's luxury item is today's standard but by tomorrow is obsolete.

CHANGING AMERICAN LIVING PATTERNS AND VALUES

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Change and progress are main themes in our society. Probably never before has there been so much stock-taking, so much looking back over the years to see how far we have come, and so much comparing of groups within our present society to see where progress has been made and where lags have occurred. This scrutiny has been accompanied by attempts to isolate conditions causing change,

to test notions as to what brings progress for some and not others. We want to know what lies ahead and how to shape the future in order to maximize the good things of life, to minimize the bad, and to avoid accidental disaster. We have long been conscious of our greatly increased productivity and are now debating the impact of the vast potential productive power that looms just ahead with the development of nuclear power and other technological changes that seem certain to occur. With the growth of productive power there has come an increased recognition that such power is no more than a means to an end, that it is valuable but not a sufficient condition for a good society. To an increasing extent the basic issues of society are being reviewed. These relate to people, how they live and how their living can be improved.

Increased production is meaningful only as it enlarges the stock of goods that families have and improves their quality. On one thing there is no doubt--the stock of consumer goods consumed has greatly increased. Families are more abundantly fed, clothed and housed than they have ever been before. Health services are of better quality and more generally available; the average number of years in school for children has increased; and means of communication, such as the automobile, the telephone, and TV have widened the horizon of the world in which families live. These changes have occurred in the North, the South, the East, and the West, and for farm as well as nonfarm families. In some ways, however, the transformation of the past fifty years has been greater and some of it more recent for farm than for nonfarm families.

For some time progress of both urban and rural families has been measured in terms of the availability of electric power and possession of things related to it. Among nonfarm people, except in villages, this yardstick has lost its usefulness because electric power and things closely associated with it are now so universal. For farm families this limit is being approached.

The increase in real income and easier access to retail markets have had an important effect on farm family living because they have reduced the effort going to production of food for family consumption. However, the home garden and milk from the family farm still seems important to high level nutrition of farm families. For many families, if these things are not available from their own farm their diets tend to lack needed nutrients. Until money income of farm families is at a higher level or they are handier to retail markets, the need for a garden and a cow continues to be important. This is an essential difference between farm and nonfarm families.

The two most commonly used yardsticks of progress are increase in real income and decrease in death rate. Over the past fifty years real income has increased greatly and the death rate--especially that of children--has fallen. The trend has tended to narrow the difference between farm and urban people. In general, farm communities have always been considered healthier than urban. In terms of life expectancy the farm population is still ahead.

In spite of the lower mortality of the rural population there is much concern among rural people about an inadequate supply of health facilities in rural areas. Studies have shown that medical, dental, and hospital facilities per 1,000 of the population is less in rural than urban counties. Such

measures may be somewhat deceptive because of a tendency for such facilities to concentrate in the large cities and for families to go to them there. However, studies show that farm families tend to use health services less than nonfarm people even where there is little evidence of lesser need. For example, the proportion of persons who have lost all permanent teeth is greater at all ages for rural than urban people. There is also evidence that farm people get less dental care than urban. The recent survey indicates that the farm population has been availing itself of health insurance protection to a lesser extent than the nonfarm population. Some of these differences may be related to the relative level of money income of farm and nonfarm people, some to the supply of services available, and some to a lag in customary ways of meeting life situations. With the continued blending of the urban and rural communities, difference between urban and rural counties seems likely to narrow.

A third measure of progress is the level of education. In this respect the farm population has lagged far behind the nonfarm population, and difference among States for the farm population is great. This difference in school attainment is one that is receiving a good deal of comment at the present time, because of the increased awareness of various shortcomings of our educational system in meeting the demand of the dawning nuclear era, and increased awareness that economic opportunity for farm as well as the nonfarm children lies in education.

The attainment of high-level education poses problems unique to rural communities, especially to farm areas where children now attend so-called country schools with one or two teachers. The decline in the farm population has reduced the number of children in such schools and the ability to attract highly qualified teachers. In addition, ideas about high-quality education have changed. There seems little doubt that the reorganization of rural schools is likely to receive a great deal of attention in the years just ahead.

The consumption of farm families has changed, and their dependence on market goods increased. But even more important has been the change in their general orientation, in how they see the future for themselves and their children. Improved means of communications have been great transformers of living in the country in general. Their impact on the farm family has been especially great because of their greater isolation before the coming of hard-surfaced roads, the automobile, the telephone, the radio and TV. Horizons have been extended and life has taken new forms. With greater ease of travel has come the possibility of earning income in town and village for those wishing to remain on the farm. Migration from farm to city has been occurring--for a time at least it was akin to a flood tide. Farm families more and more see the continuity of life for themselves and their children not in the farm community where they or their grandfather settled, but in an area encompassing the economy in general. To some people this change has entailed a loss--for example, a loss of membership in a close-knit group centered in their children and grandchildren, in the school and church they first attended, and in the country store they frequented where there were no strangers, at least not for long.

While farm people sought economic opportunity in nonfarm occupations, the proportion of the population on farms shrank and that of cities expanded. A two-way flow occurred; hard-surfaced roads, automobiles and buses brought to rural areas urban people whose main focus of life lay in a city. Among these are the so-called urban farmers, who operate a farm largely as a recreational sideline or as a security against inflation. Thus, farm and urban living have been merging not only in terms of kinds of goods purchased but also in face-to-face contacts. The diversity of interests, attitudes and views represented in many rural areas is now much greater than 2 decades ago. In many areas the unification of this diversity into a rural community is still in a very preliminary stage. With good leadership a richer, fuller rural community should emerge. It will be a blending more than ever before of farm and nonfarm people. These rural communities will, however, probably be more amorphous than those of 50 years ago. This seems assured by the wider range of contacts and the relatively high mobility of members of the future rural population, even those for whom agriculture is the main source of income.

In spite of the rise in real income, poverty still continues in both farm and nonfarm population. Many inquiries have been undertaken to try to bring to light its causes and conditions that would lead to its elimination, but problems related to it are not easily solved. They do, however, appear to be more important for the farm than for the nonfarm population. There seems little doubt that some inequality will disappear with reduction in the isolation that long bottled up some farm communities, with increased mobility as families seek out better opportunities, with increased education, and with reduction in artificial barriers to opportunities. The flow of the in-migrants from Puerto Rico and Mexico has contributed much to the low-income groups of both the farm and the nonfarm population. America has, however, had long experience with helping new immigrants to find a place. The presence of such low-income groups--low in our terms but not in terms of the economy from which they have come--should not be viewed as a failure of our society to promote economic opportunity. Failure will occur if the income of these recent in-migrants does not improve. In fact, the rate of such improvement should probably be greater than that of the population in general.

Security of income as well as its adequacy has been a matter of much concern, especially since the Great Depression. That experience brought home to farm people, as never before, the extent to which they are a part of the economy, that they can no longer provide for themselves the things they want, that their possessions and way of life are dependent on the market price of their products and the state of the economy in general. How to minimize the sharp drops in income continues to be a matter of debate, and one of vital concern to farm families. I do not believe that a longrun decline is likely so long as real income in the economy in general tends to rise, and so long as off-farm economic opportunity continues.

Various programs designed to increase and stabilize farm income have been tried and their suitability is still a matter of keen debate. An extensive social security system has developed. At first it was applied solely to wage and salary workers, but the trend has been to its greater coverage of the population. In recent years Old Age and Survivors Insurance and disability

provisions have been extended to farm operators as well as laborers. This extension is still too recent to gauge how well this program is adapted to farm families. The economic security of farm-operator families has long been sought in the ownership of a farm and its operating capital. For this reason, economic security is closely related to the financial institutions that make agricultural credit available. This link seems likely to continue.

Increase in real income makes additional purchasing power available. There has been concern about over-production--that people would not know what to do with additional income. Some potential production will be sacrificed for increased leisure. Such a tendency has been apparent among both farm and non-farm people. Even so, there seems little shortage of ideas as to what and how consumption might be expanded. Hagood reports that "Farm-operator families ... improved their levels of living significantly between 1950 and 1954." 1/ The 1954 farm-operator level of living index was 15 percent over that of 1950. This rise from 1950 to 1954 was a continuation of the general improvement that had been underway since 1940.

Family goals tend to be set a little beyond what currently seems feasible. When income rises and this higher level is expected to be maintained, there tends to be a corresponding increase in goals. In fact, some urban men claim that their wives have next year's income spent before it becomes a reality. Perhaps farm wives feel that their husbands have the increase spent before it becomes a reality, so that any extra inflow of funds must go to liquidate a farm debt, a mortgage on the farm or a loan for the purchase of farm equipment.

I find some writers on family finance using the phrase "discretionary" spending, seeming to imply that families now feel that they have more income than they really need, something to play around with, to experiment with and not feel too badly if the experiment does not pan out. I doubt very much that the sense of having a surplus for experimentation is much greater now than 50 years ago--that too was a period of rising income. In the experience of families variation does occur in the feeling of current surplus and stringency, the ability at one time to splurge and the need at another to watch every penny. These feelings are likely to be related to the ups and downs of income from year to year--a condition common for farm families--to change in number of dependents, and to the stage in paying off the mortgage. These conditions bring no change in longrun family goals, such as tends to occur with above-average attainment, or a rising national income due to increased economic opportunity. Thus it seems best for educators to assume that wise choice in the use of income is a matter of continuing concern to families, that they still do not want to pay any more than they have to for household equipment, clothes, and food. The feeling of the need for economy continues even though most families are able and willing to spend more for consumer products. They want higher quality, but do not want to pay more than necessary for it.

The world of farm and the nonfarm families as consumer-buyers is very similar. In one respect at least, problems have greatly increased. Choice is

1/ Farm-operator Family Level of Living Indexes, 1945, 1950 and 1954. U. S. Department of Agriculture, Stat. Bul. No. 204, p. 1, March 1957.

much more difficult than formerly. Families are surfeited with alternatives. New materials have replaced old, as in clothing and housefurnishing. A great increase has occurred in the degree of processing, whereby household tasks have, as it were, left the home and entered the factory. Wholly new products have appeared. Consumers find established customs and traditions of little help in evaluating these. Information as to the merits of the new products, how to recognize quality, and how to use and care for them creates need for a continuing program of consumer education. There is also need for the development of grades and standards, to increase information available to consumers at time of purchase and to evaluate performance of products.

Legislation to protect consumers from deception and misrepresentation has come a long way, even though still imperfect. There is need for continued scrutiny with respect to enforcement, the possibility of loopholes, the need for adaptation to technological change, and the feasibility of additional information on labels. In this the combined efforts of commodity specialists and family economists are needed.

Misrepresentation of terms of credit sales and of consumer credit in general is still a serious problem, even though some progress has been made through legislation. Financial tangles related to installment purchases are common. Consumer education is an important means of dealing with this. It is difficult through legislation to protect consumers who sign unread contracts, and who contract future payments without a careful review of their future income and other commitments.

Protection of consumers from sales pressure has made little or no advance. In fact, some people feel that the defenses of consumers have tended to weaken. They point, for example, to mass communication through radio and TV that reaches into every home, and to hidden persuaders by which people are presumably influenced through their subconscious. Protection of consumers seems likely still to come from the boastings of many advertisers neutralizing each other. However, more support to the Federal Trade Commission from consumers should help to reduce the frequency of half-truths.

The sense of change and uncertainty as to what lies ahead, the need for scrutiny of the economy and search for more effective rules to guide the vast network of interrelations that make up the nation are felt by farm and nonfarm people alike. Leaders in rural communities have a need for information and revision of perspective to see the best means of achieving the goals of personal liberty and growth of individual persons, combined with recognition of the rights of others.

Traditional programs are often insufficient to achieve our goals. The current programs of the Department of Agriculture relating to poverty among farm families gives full recognition of this. Here imagination as to the development of persons seems of the utmost importance. In many other areas a new look with insight and imagination is needed. In this period of change you can take comfort in the fact that great achievement, as seen by later generations, has often been accompanied by instability and much perplexity and debate.

CONSUMER PRICES

Index of Prices Paid by Farmers for Commodities Used in Family Living
(1947-49 = 100)

November 1958; March 1959-November 1959

Item	Nov. 1958	March 1959	April	May	June	July	Aug.	Sept.	Oct.	Nov.
All commodities.....	118	118	118	118	118	118	118	118	119	119
Food and tobacco.....	--	115	--	--	117	--	--	115	--	--
Clothing.....	--	114	--	--	114	--	--	116	--	--
Household operation.....	--	117	--	--	117	--	--	118	--	--
Household furnishings.....	--	104	--	--	104	--	--	104	--	--
Building materials, house.	--	120	--	--	121	--	--	122	--	--
Auto and auto supplies....	--	141	--	--	141	--	--	139	--	--

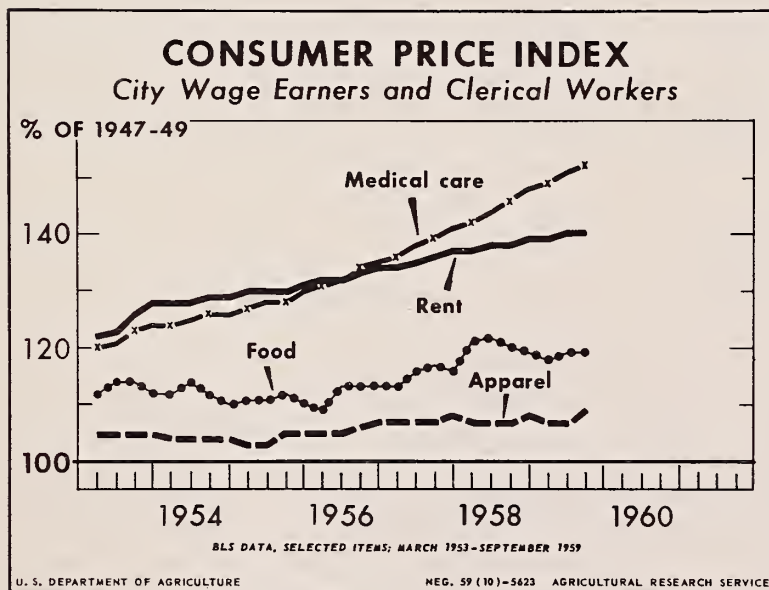
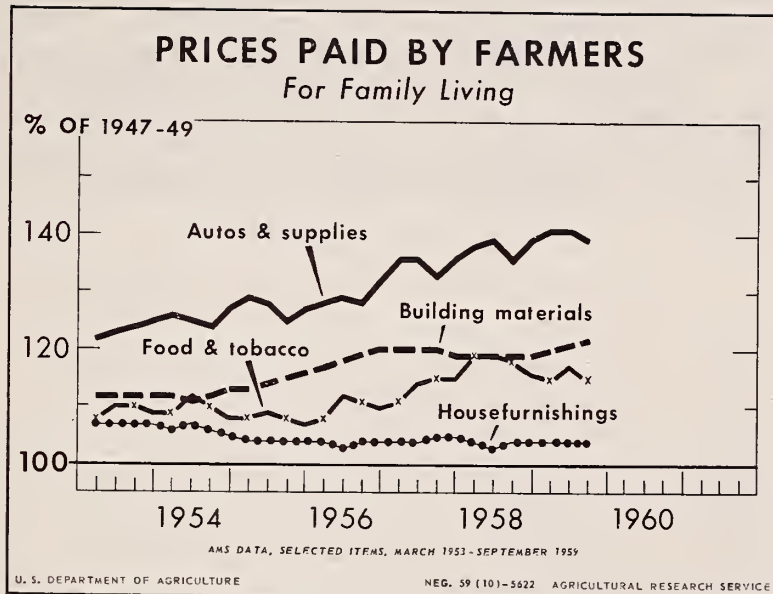
Source: U. S. Department of Agriculture, Agricultural Marketing Service.

Consumer Price Index for City Wage-Earner and Clerical-Worker Families
(1947-49 = 100)

October 1958; February 1959-October 1959

Item	Oct. 1958	Feb. 1959	March	April	May	June	July	Aug.	Sept.	Oct.
All items.....	124	124	124	124	124	124	125	125	125	126
Food.....	120	118	118	118	118	119	119	118	119	118
Apparel.....	107	107	107	107	107	107	108	108	109	109
Housing.....	128	128	129	129	129	129	129	129	130	130
Rent.....	138	139	139	139	139	140	140	140	140	140
Gas and electricity.....	118	118	118	118	119	119	120	120	122	122
Solid fuels and fuel oil	136	140	140	139	135	134	134	134	135	136
Housefurnishings.....	103	104	104	104	104	104	104	104	104	104
Household operation.....	132	133	134	134	134	134	134	135	135	135
Transportation.....	143	144	145	145	145	146	146	147	146	148
Medical care.....	147	149	149	150	150	151	151	151	152	152
Personal care.....	129	130	130	130	131	131	131	132	132	132
Reading and recreation....	117	117	117	118	118	118	119	119	120	120
Other goods and services..	127	127	127	128	128	129	131	131	132	132

Source: U. S. Department of Labor, Bureau of Labor Statistics.



ESTIMATED COST OF ONE WEEK'S FOOD

The table on opposite page presents the estimated cost of 1 week's food to be prepared and served at home. The estimate is based on quantities of food in the low cost, moderate cost, and liberal plans. The plans are available as a leaflet--Low Cost, Moderate Cost, and Liberal Family Food Budgets, HHE (Adm.)-113. The cost of food for a specific family can be estimated from the table, since costs are given for individuals of different ages. These costs are based on averages of food prices collected by the Bureau of Labor Statistics in 46 cities, and may not apply to any specific city or region.

Estimated Cost of One Week's Food, 1/ October 1959--U.S.A. Average

Sex-age groups	Low-cost plan	Moderate- cost plan	Liberal plan
	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>
<u>FAMILIES</u>			
Family of two, 20-34 years <u>2</u> /.....	15.00	20.80	23.30
Family of two, 55-74 years <u>2</u> /.....	13.60	18.60	20.80
Family of four, preschool children <u>3</u> /.....	20.60	27 70	31.40
Family of four, school children <u>4</u> /.....	23.80	32.30	36.50
<u>INDIVIDUALS</u>			
Children:			
Under 1 year.....	3.10	3.80	4.10
1-3 years.....	3.70	4.70	5.30
4-6 years.....	4.40	5.70	6.70
7-9 years.....	5.20	6.80	7.80
10-12 years.....	6.10	8.20	9.30
Girls, 13-15 years.....	6.40	8.70	9.90
16-19 years.....	6.50	8.70	9.90
Boys, 13-15 years.....	6.90	9.60	10.90
16-19 years.....	8.20	11.20	12.60
Women:			
20-34 years.....	5.40	7.60	8.50
35-54 years.....	5.30	7.30	8.30
55-74 years.....	5.00	6.90	7.80
75 years and over.....	4.80	6.50	7.30
Pregnant.....	6.80	8.90	9.80
Nursing.....	8.50	10.90	12.10
Men:			
20-34 years.....	7.10	9.70	10.90
35-54 years.....	6.60	9.10	10.10
55-74 years.....	6.30	8.60	9.50
75 years and over.....	6.10	8.20	9.10

1/ These estimates were computed from quantities in low-cost, moderate-cost, and liberal food plans published in tables 2, 3, and 4 of the October 1957 issue of Family Economics Review. Quantities for children were revised January 1959 to comply with the 1958 NRC Recommended Dietary Allowances. The cost of the food plans was first estimated by using the average prices per pound of each food group paid by nonfarm survey families at 3 selected income levels. These prices were adjusted to current levels by use of Average Retail Prices of Food in 46 Large Cities Combined released periodically by the Bureau of Labor Statistics. Estimates for food of individuals and small families have been rounded to nearest \$0.10.

2/ Twenty percent added for small families.

3/ Man and woman 20-34 years; children, 1-3 and 4-6 years.

4/ Man and woman 20-34 years; children 7-9 and 10-12 years.

